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**KENNEDY, SNOWE, ROCKEFELLER, WARNER, CANTWELL INTRODUCE
UNEMPLOYMENT INSURANCE MODERNIZATION ACT**

WASHINGTON, DC— Yesterday, Senators Kennedy, Snowe, Rockefeller, Warner, and Cantwell introduced a bill to encourage states to modernize their unemployment insurance systems.

The Unemployment Insurance Modernization Act would make \$7 billion in incentive payments available to states to encourage them to expand eligibility for benefits and provide training to workers struggling with long-term unemployment.

"In today's insecure economy, too many working families are just one pink slip away from falling into poverty. While our unemployment insurance program has always been a bedrock of security for working families in troubling times, the system has not kept pace with our changing economy. It leaves many workers – especially low-wage workers – out in the cold, unable to collect benefits." Senator Kennedy said. "Our bill would encourage states to update their unemployment insurance systems to address the new challenges facing workers. It would help long-term unemployed workers get the training they need to find new jobs. And it would give states the resources and flexibility they need to revitalize their programs and better serve working families."

"The Unemployment Insurance Program is vital tool that provides millions of American workers with benefits each year and we must ensure that this system evolves over time to take into account major changes in our economy," said Senator Snowe. "This legislation is a critical investment to help families in Maine and across the country get the help they need in periods of instability. By modernizing the UI Program, we are encouraging states to improve resources and increase flexibility to help American workers stay on their feet and support their families."

"Unemployment insurance is a crucial safety-net for those who have lost their jobs. More than anything it provides valuable peace of mind to families that they can continue to make ends meet, put food on their table and take care for their kids," Senator Rockefeller said. "But the program is more than just financial assistance, it's also about training and education programs. Our legislation will provide states with the resources needed to update their programs so they better reflect the challenges of our modern economy."

Senator Warner said, "In periods of unemployment, workers need a sound program of training and benefits to find new and rewarding opportunities. This bill will provide important resources to states like Virginia, as they improve their programs to help workers and their families in times of need."

Senator Cantwell said, "We have an obligation to provide families with a safety net that meets the demands of today's changing economy. Too many people today are struggling to make their house payments and put food on the table while they worry about where the next paycheck will come from. This legislation gives states the federal resources they need to modernize the nation's unemployment system so we can provide critical support to families during these economic times."

Below is a summary of the bill.

The Unemployment Insurance Modernization Act

The Unemployment Insurance (UI) program must be reformed to address fundamental shifts

in the economy. The UI system provides needed benefits to millions of U.S. workers each year. But the system needs to be updated to better assist today's more highly mobile workforce and long-term unemployed workers left behind by declining industries. Today, many unemployed workers do not qualify for benefits because their most recent work is not taken into account. Others exhaust their benefits before finding work, joining 1.1 million long-term unemployed workers and an additional 1.5 million discouraged job-seekers struggling to get by. For these reasons, only 35% of unemployed workers currently collect unemployment benefits.

The UI Modernization Act uses \$7 billion in incentive payments to encourage states to update their UI systems. The bill rewards states for: (1) removing barriers that block coverage for low-wage and part-time workers; (2) ensuring a more family-friendly UI system; and (3) helping dislocated workers increase their skills. It also provides \$500 million in funding to states to improve the administration of their unemployment compensation systems. The incentive and administrative payments are both fully paid for from the UI trust fund and through an extension of the existing FUTA surtax (assumed in the President's budget).

The UI Modernization Act would give states the resources and flexibility they need to pass important reforms. Each state would have a chance to receive a share of the \$7 billion set aside for incentive payments. To receive one-third of its allotted funds, a state must adopt an "alternative base period" allowing workers to meet eligibility requirements by counting their most recent wages. This makes the system — which has traditionally relied on wage data that is up to six months old — more accurate and helps workers who have recently satisfied earnings requirements to collect the benefits they deserve. States that have already adopted such a system would also receive these incentive payments.

States that adopt or have adopted two of the following reforms benefiting workers will receive the additional two-thirds of their share of funds:

- Family-related needs: Providing unemployment compensation for workers who have voluntarily left their jobs due to the illness or disability of an immediate family member, the relocation of a spouse for employment, or domestic violence.
- Job training: Providing training benefits to unemployed workers laid off from a "declining" occupation who are enrolled in a state-approved training program for entry into a high-demand occupation.
- Part-time work: Providing unemployment compensation benefits to individuals seeking part-time work.
- Uniform 26 weeks: Raising maximum compensation caps so that all long-term unemployed workers can receive a full 26 weeks of benefits.
- Child Assistance: Paying unemployed workers at least an extra \$15 per week for each of the worker's dependents.

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